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SUBJECT: South Taiwan Early Take on 2008 Presidential and  
Legislative Elections

REF: A) 2007 Taipei 2071 B) 2006 Taipei 3377

C) 2006 Taipei 3426 D) 2006 Taipei 3444

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11. (SBU) Summary: As the presidential election heats up, Southern academics, businesspeople and party officials all seem to believe it will be a difficult one for both the DPP and KMT. Party operatives in Kaohsiung City and Tainan City suggest that young voters are the key swing voters who can decide the 2008 presidential election outcome if they cast their votes. Most DPP officials believe DPP presidential candidate Frank Hsieh will win based primarily on his demonstrated commitment to "Taiwan identity." Some KMT officials predict that the KMT will win by a majority of 15 (out of 113) seats in the legislative elections island-wide, but do not consider winning the LY more important than winning the presidency. End Summary

Road to the Presidency: Not Easy for Either Party  
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12. (SBU) In a meeting with AIT/K, Tainan City KMT Chairman Wu Chao-yu quoted KMT Vice Presidential candidate Vincent Siew as saying the Hsieh-Su ticket will be a tough ticket for the KMT to beat in the upcoming presidential race. Wu surmised the Hsieh-Su ticket, thrust on Frank Hsieh by President Chen, is no more than the President's effort to guarantee a DPP win in order to protect himself post-election from being investigated on corruption allegations that have surrounded him and his family (see reftel A). Wu had no doubt Hsieh and Su would be excellent campaigners but doubted if the rift between the two caused by the fractious party presidential primary had really healed. He predicted at least a partial DPP factional resurgence during the campaign that would undercut DPP unity and benefit the KMT. Undecided swing voters, he argued, would never accept an appearance of harmony between Hsieh and Su, since the two harshly attacked each other during the primary. In a separate meeting, DPP Tainan City Chairwoman Chiu Li-li stated that some "deep-green" supporters have not forgiven Su Tseng-chang and his supporters for criticizing President Chen and

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the DPP during last year's anti-Chen movement (reftels B, C, D).

13. (SBU) In a recent meeting with AIT/K, Kaohsiung City KMT Legislator Lo Shih-hsiung predicted that KMT presidential candidate Ma Ying-jeou would win the 2008 election because Taiwan people are ready for a change in ruling parties. Lo acknowledged to AIT/K that it is not that Ma is such an excellent candidate, but that the DPP's

poor performance and the economic decline in Southern Taiwan have combined to negatively affect people's well-being. On the other hand, Kaohsiung City DPP Legislator Guan Bi-ling praised Frank Hsieh as a capable leader, though she would not predict Hsieh would win the 2008 election. Dampening Guan's confidence was her concern that DPP supporters are not enthusiastic about participating in the DPP's key ideological campaign push -- the September 15 Kaohsiung rally to support the DPP's referendum on the UN bid. Many, she said, would be content to express their support for the referendum through TV call-in programs, making it unnecessary to personally attend the rally, which, she noted, would be a major DPP campaign event.

14. (SBU) In a separate meeting, hi-tech businessman Gary Cheng, whose company has factories in both Taiwan and China, told AIT/K that the KMT vision of Taiwan's place in the global economy makes it likely KMT leadership would provide better industrial leadership than the DPP. Cheng himself believes the KMT would better handle cross-Strait relations. Cheng said that many business people support KMT presidential candidate Ma Ying-jeou because the DPP's economic policies have failed over the last seven years. National Sun Yat-sen University Political Economy Professor Shin Chuei-ling echoed Cheng's views, explaining that Taiwan businesspeople generally believe China would be more likely to cooperate with KMT economic policy if Ma wins the 2008 presidency.

Speaker Wang Jin-pyng Not a Southern Kingmaker  
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15. (SBU) Professor Shin doubted that Legislative Yuan (LY) Speaker Wang Jin-pyng could deliver many votes to Ma Ying-jeou, because Wang's grassroots support is not really that solid in his native South. KMT Kaohsiung City Chairman Hsu Fu-ming acknowledged that the "pan-green camp" is working hard to split Wang's supporters and attract some to the DPP side. Ma, he explained, had decided to put aside the "Wang problem" for the time being and just focus on his southern "long stay" campaign. If Ma's support is sufficiently

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high, he continued, Wang would have no choice but to support Ma in the presidential election.

Youth Votes Critical in the 2008 Presidential Election  
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16. (SBU) Tainan KMT Chairman Wu told AIT/K that the KMT is campaigning vigorously to build support among voters in the 20-25 year age bracket. Since the 2004 election, he said, more than one million youths had come of legal voting age. The 2008 presidential election will be their first chance to vote. Wu stated that KMT candidate Ma Ying-jeou particularly appeals to these young voters, but acknowledged that younger voters are unpredictable, and even apathetic, toward politics. Ma's speeches at colleges always attract big crowds, he noted, and Ma has regularly encouraged college students to use their vote to define their own futures by choosing the next administration for themselves. The KMT hopes that these million new voters, the main swing votes in this election, will turn out at the ballot boxes to vote for Ma.

17. (SBU) DPP Tainan City Chairman Chiu echoed KMT Wu's view that young people tend to be politically apathetic, many disgusted by political bickering and the numerous corruption scandals. Chiu, however, disagreed that Ma Ying-jeou has any special appeal to youths. However, she did acknowledge that youths like to have role models and that the Ma could fulfill that role. Chiu stressed that youth votes -- if they vote -- will focus on the "beef" of a candidate's policy and how it will deliver jobs to new graduates. Kaohsiung City DPP Legislator Guan agreed that young voters will be a key factor to winning this presidential election, but stressed that their voting habits are unpredictable. If the DPP manages to split the youth vote, she noted, Frank Hsieh would be the beneficiary.

Ma Ying-jeou's Southern "Long-Stay" Campaign  
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18. (SBU) KMT presidential candidate Ma Ying-jeou has just launched

the second phase of his "Long Stay" strategy, in which he stays with local families for 2-3 days in Southern cities and counties. KMT Tainan City Chairman Wu explained that Ma's "Long Stay" campaign was focused on boosting Ma's support in the South, while DPP Tainan City Chairman Chiu acknowledged that the campaign has negatively affected the DPP's support. Chiu, however, is convinced that at the last minute before voters cast their votes, they will weigh a candidate's demonstrated commitment to "Taiwan identity" and find Ma lacking. Kaohsiung KMT Legislator Lo, who has long urged Ma Ying-jeou to focus on the South in order to build a grassroots base, pointed out that Ma's "long-stay" campaign is his first direct effort to reach Southern voters at the grassroots. The extensive media coverage of Ma's long-stay campaign has turned out to be excellent -- and free -- advertising, Lo told AIT/K, and has further helped build ties between Ma and Southern voters. In the meantime, the long-stay travel gave Ma an opportunity to present his proposed economic policy to various professional groups down South. On the other hand, DPP Legislator Guan argued that Ma's long-stay campaign will have only limited effect because grassroots support cannot be built in a matter of days. Concurring with Guan, Hsieh's Kaohsiung campaign head Chang Ching-chuan nevertheless admitted to AIT/K that Ma's "long stay" campaign had undercut some of the DPP's support in Central Taiwan.

#### Legislative Elections

¶9. (SBU) Legislators Lo and Guan both predicted that each party would win two seats in Kaohsiung City, while the fifth seat is up for grabs. In Tainan, the KMT is not confident that it could win either of the two seats, though DPP Chairwoman Chiu anticipated both races would be close, with each party likely to win one seat.

¶10. (SBU) Kaohsiung City KMT Chairman Hsu predicted that the KMT will win a majority of more than 15 of the total of 113 legislative seats island-wide, including half of the seats in each city/county in Southern Taiwan where the DPP rules. Kaohsiung City Legislator Lo told AIT/K that the DPP is focusing so heavily on the presidential race because it believes this is more important than winning a majority of LY seats, because in Taiwan's "presidential system", the government budget is controlled by the Executive Yuan and the Premier is appointed by the President.

¶11. (SBU) Professor Shin noted that vote-buying will still be a

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factor in the coming legislative elections, but more indirectly than in the past, with business interests exchanging support/votes for "monetary values," such as profits from land transactions in future-zoning projects. Shin noted that these type of transactions are not unusual and can stimulate corruption among government officials.

#### Comment

¶12. (SBU) Presidential and legislative election campaigns remain calm at this early date. The halving of LY seats from 225 to 113 seats will arouse fierce competition and creative campaigning. Locals are closely watching turn-out for the September 15 DPP rally in support of the U.N. referendum. The turn-out for this rally may serve as a preliminary indicator of the DPP's ability to still use ideology to draw crowds, since the DPP considers its support margin in Southern Taiwan and a candidate's commitment to "Taiwan identity" as key factors in winning the larger 2008 presidential election.

Thiele

Wang